No. 86-1237

IN THE

Supreme Court of the United States

October Term, 1986

Supreme Court, U.S.
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BAY AREA RAPID TRANSIT SYSTEM,
Petitioner,

vs.

PAPERLESS ACCOUNTING, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY TO OPPOSITION

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REPLY BRIEF BY PETITIONER

Petitioner BAY AREA RAPID TRANSIT SYSTEM submits the following brief in reply to Respondent's Brief in Opposition filed in reference to the above-captioned appeal:

I. PETITIONER HAS ACCURATELY CITED THE PROSECUTION HISTORY OF THE '300 PATENT

Respondent contends that the Petition for Certiorari mischaracterizes the prosecution history of the '300 Patent. Such a suggestion is simply a device designed to divert the attention of this honorable Court away from the issues at hand.

In fact, petitioner has literally quoted the prosecution history and has appended the full text of the documents discussed to the Petition. There has been no miscitation or out-of-context interpretation by petitioner of the material contained in the prosecution history. In contrast, it is respondent which has exhibited reticence to address the acquiescent statements and admissions contained in the prosecution history. Further, respondent has mischaracterized the context of the statements contained in the patent filed as more fully appears below.

II. THE DISTRICT COURT'S DECISION WAS BASED UPON A FULL REVIEW OF THE PROSECUTION HISTORY

Respondent next contends that the district court did not rely upon the acquiescent conduct referenced in the Petition herein in rendering its decision. Instead, respondent argues[1], the district court based its decisions *solely* on the patentee's filing of a Continuation-In-Part Application.

Respondent is entirely incorrect in its limited assessment of the district court's ruling. The written order granting plaintiff's motion for reconsideration and affirming the court's previous order granting defendant's motion for summary judgment very clearly provides that the district court's final decision was based:

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[1]In support of such argument, respondent cites one of many erroneous conclusions made in the Federal Circuit decision herein.

> Upon further review of the record and the points and authorities, documents and papers filed in connection with this motion, and . . . all the pleadings filed to date . . . .*See* Appendix to Petition, at p. 2a.

The file prosecution history of the '300 Patent was most certainly included as part of the pleadings filed with the district court, as were extensive memoranda of points and authorities and declarations, which taken together elucidated the very same instances of admission and acquiescence that have been argued before the district court, the Federal Circuit Court of Appeals, and this honorable Court[2].

Notably, respondent focuses exclusively upon the erroneous decision of the Federal Circuit when arguing the limitations of the district court decision. No such limitations appear in the record of the district court itself. As stated above, the district court's holding was based upon a finding of acquiescence upon thorough review of the patent file history and the pleadings and declarations interpreting or applying the same. Even the Federal Circuit conceded that the patent file history was uncontroverted and represents, in its entirety, undisputed statements of fact with respect to the issues raised in this litigation. The Federal Circuit's refusal to assign significance to the numerous critical admissions and specific instances of acquiescence reflected in the patent file provides one of the premises of this appeal[3].

For example, the patentee's admission that the 1958 amendment to the '196 Application sought to add large amounts of new matter, in conjunction with his cancellation of that new matter, in conjunction with the later filing of the '529 Continuation-In-Part Application, clearly indicated his acquiescence in the Patent

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[2]Attached as an appendix to this reply brief are the Table of Contents of (1) petitioner's Motion for Summary Judgment (*See* Appendix at p. 1b), and (2) petitioner's opposition to plaintiff's motion for reconsideration (*See* Appendix at p. 2b). Unquestionably, the district court was fully apprised of the instances of acquiescent conduct discussed at length in the Petition before this honorable Court.

[3]The Federal Circuit's error stems from both misapplication of law and a failure to consider pertinent undisputed facts evidencing acquiescence.

Office's determination that the '196 Application was insufficient. Such was the holding of the district court, which holding was consistent with the previous pronouncements of this honorable Court as is set forth in detail in the Petition herein. Yet, the Federal Circuit *ignored* the very same admissions and acquiescence. Respondent's Brief in Opposition does *nothing* to address or explain away the defects in the Federal Circuit opinion[4].

III. THE DISTRICT COURT'S FINDING OF ACQUIESCENCE PERTAINS SPECIFICALLY TO THE EXAMINER'S DETERMINATION OF INSUFFICIENT DISCLOSURE.

Respondent next argues that the district court's finding of "acquiescence in and compliance with the Examiner's position on the inadequacy of the Patent Application's disclosure" related only to the Fifth Office Action, which was limited in scope to the claims relating to the ticket. Such a construction confounds the language of both the district court's order and the Fifth Office Action.

The Fifth Office Action, which admittedly concerns the ticket only, contains a rejection based on the fact that Claims 41 and 42 of the Application were unpatentable over the prior art. The Fifth Office Action did not relate to the sufficiency of disclosure; therefore, it is clear that the district court's finding with respect to acquiescence in and compliance with the Examiner's position on the "inadequacy of disclosure" related to the earlier office actions and the determinations of insufficient disclosure therein, which inadequacies were conceded in the patentee's March 14, 1960 Letter of Admission and by his filing of a Continuation-In-Part Application which included the earlier rejected new matter.

IV. THE MARCH 14, 1960 LETTER CONCEDED THE VALIDITY OF THE EXAMINER'S REJECTIONS

Respondent next suggests that the March 14, 1960 letter filed by the patentee with the Patent Office "discloses no admissions

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[4]Respondent baldly suggests there is no conflict between the decision of the Federal Circuit and the previous pronouncements of this Court. That posture is notably bereft of cited authority or legal analysis.

that there is anything defective'' with respect to the '196 Application. Such a suggestion is entirely antithetical to the express terms of the letter, for at least the following reasons:

1. The letter specifically describes its purpose as ''rectify [ing] the defects pointed out by the Office Action dated September 4, 59 [the Second Office Action].'' (*See* Appendix to Petition, at p. 13a);

2. The letter states that the amendatory ''new'' matter was ''admittedly defect.'' (*See* Appendix to Petition, at p. 13a); and

3. In an enclosure with the March 14, 1980 letter, patentee admitted that the matter which he had added to cure the disclosure deficiencies was new and should be cancelled. (*See* Appendix to Petition, at pp. 20a-21a).

The March 14, 1960 letter was formally introduced by the applicant into the Patent Office file *after* insufficient disclosure and new matter rejections were proffered by the Patent Examiner. The juxtaposition of these interactions between patentee and the Patent Examiner most conclusively establishes patentee's acquiescence in the previous rulings. Respondent's suggestion that the March 14, 1960 Letter of Admission related only to the September 24, 1958 Amendment rather than to the entire '196 Application (of which the Amendment was a part) is ludicrous.

V. PATENTEE'S ATTORNEYS' ADMISSIONS EXHIBITED ACQUIESCENCE IN THE EXAMINER'S FINDINGS OF INSUFFICIENT DISCLOSURE.

Respondent next questions whether the admissions in the April 12, 1963 letter from patentee's attorneys to the Patent Office related only to the ticket claims of the invention, as opposed to the '196 Application as a whole. Such a suggestion is contradicted by the fact that the patentee's '529 Continuation-In-Part Application referenced in the attorneys' letter included claims for the entire machine, and was *not* limited to the ticket. Moreover, even if the attorneys' admissions related only to the ticket claims, said admissions constitute confirmation that the '196 Application, as of April 12, 1963, was not full and complete as required by 35 U.S.C. § 112. Consequently, the fact that patentee's claims were rejected as an old combination which drew upon the prior

art, constitutes yet another rejection for the applicant's failure to comply with the certainty, definiteness and precision requirements of Section 112. *Radio Steel & Mfg. Co. v. MTD Products, Inc.*, 731 F.2d 840, 845 (Fed Cir. 1984). Thus, regardless of the construction placed upon the attorneys' letter, it most definitely evidences acquiescence in the Patent Examiner's finding of insufficient disclosure.

VI. THE FEDERAL CIRCUIT WAS IN ERROR IN ITS FAILURE TO DIFFERENTIATE BETWEEN THE NECESSARY DESCRIPTIONS UNDER SECTIONS 102 AND 112; THE ISSUE IS RIPE FOR INTERVENTION BY THIS COURT.

Finally, respondent contends the issue presented in Question 2 of the Petition with respect to the existence of a double standard in the description requirements under Sections 102 and 112, is unripe and should not be considered by the Court. Respondent argues that the Federal Circuit decision "did not in any way turn upon its differentiation (or lack thereof) between the disclosure requirements under 35 U.S.C. § 112 and those under 35 U.S.C. § 102(b) and (d)." However, respondent's cavalier statement in that regard cannot be reconciled with the following excerpt from the Federal Circuit decision:

> [I]f any claim of the '300 Patent is determined to be limited to the filing date of the '529 CIP on the basis that the disclosures of the '196 parent is insufficient to support such claim, a corresponding foreign publication that is substantially the same is also insufficient to anticipate such claim under § 102(b).

See Appendix to Petition, at p. 12a.

The Federal Circuit decision concluded that the foreign patents, which are similar from a disclosure standpoint to the disclosures of the '196 Application, cannot anticipate patent claims based on the same disclosure. The court held that:

> Even if the claimed invention is disclosed in a printed publication, that disclosure will not suffice as prior art if it was not enabling.

See Appendix to Petition, at p. 11a.

Therefore, the Federal Circuit clearly *did* import the en-abling requirement prescribed by Section 112 to the requirements for anticipatory reference under Section 102, and based its conclusions in part upon that assumption. Moreover, the Federal Circuit has directed the district court (and, presumably, all district courts of the United States) to apply its erroneous standard in all subsequent proceedings in this and other actions involving issues of patent validity. Applying the Federal Circuit's erroneous ruling to the case at bar would result in a clear violation of prevailing decisional law regardless of the manner in which the claims to the '300 Patent are found to be unsupported by the '196 Application.

VII. CONCLUSION

Respondent attempts to discourage the grant of certiorari by this Court through repeated recitation of the erroneous conclusions stated in the Federal Circuit opinion, while conveniently avoiding reference to statutory or decisional law, or the holding of the district court, which collectively support petitioner's claim that the Federal Circuit's opinion was in error.

Dated: March 10, 1987

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